

**SUPPORTING STATEMENT  
FOR THE PAPERWORK REDUCTION ACT SUBMISSION FOR A REVISED  
INFORMATION COLLECTION**

**“Joint Standards for Assessing the Diversity Policies and Practices of Entities”  
OMB Control No. 3235-0740**

**A. JUSTIFICATION**

**1. Necessity for the Information Collection**

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Act) required the Securities and Exchange Commission (SEC or agency), Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Bureau of Consumer Financial Protection, and the National Credit Union Administration (collectively, Agencies) each to establish an Office of Minority and Women Inclusion (OMWI) to be responsible for all matters of the Agency relating to diversity in management, employment, and business activities. The Act also instructed each OMWI Director to develop standards for assessing the diversity policies and practices of entities regulated by the Agency. The Agencies worked together to develop joint standards (Joint Standards) and, on June 10, 2015, they jointly published in the Federal Register the “Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies” (Policy Statement).<sup>1</sup>

The Policy Statement contains a “collection of information” within the meaning of the Paperwork Reduction Act of 1995 (PRA). The Policy Statement includes Joint Standards that cover “Practices to Promote Transparency of Organizational Diversity and Inclusion.” These Joint Standards contemplate that a regulated entity, in a manner reflective of the entity’s size and other characteristics, makes certain information available to the public annually on its website or through other appropriate communication methods. The specific information referenced in these standards is: (a) the entity’s diversity and inclusion strategic plan; (b) its policy on its commitment to diversity and inclusion; (c) its progress toward achieving diversity and inclusion in its workforce and procurement activities (which may include the entity’s current workforce and supplier diversity demographic profiles); and (d) opportunities available at the entity that promote diversity.

In addition, the Policy Statement includes Joint Standards that address “Entities’ Self-Assessment.” The Joint Standards for Entities Self-Assessment envision that a regulated entity, in a manner reflective of the entity’s size and other characteristics: (a) conducts a voluntary self-assessment of its diversity policies and practices annually; (b) monitors and evaluates its performance under its diversity policies and practices on an ongoing basis; (c) provides information

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<sup>1</sup>80 FR 33016.

pertaining to its self-assessment to the OMWI Director of its primary federal financial regulator; and (d) publishes information pertaining to its efforts with respect to the Joint Standards.

To facilitate the collection of information described in the Joint Standards for “Entities’ Self-Assessment,” the SEC provides a form titled “Diversity Assessment Report for Entities Regulated by the SEC” (Diversity Assessment Report).

The SEC proposes to amend the Diversity Assessment Report to: (a) change the name of the information collection from the “Diversity Assessment Report” to the “Diversity Self-Assessment Tool”; (b) allow firms to consent to allowing the SEC to publish the name of consenting firms having submitted a Diversity Self-Assessment Tool; (c) shorten the Diversity Self-Assessment Tool by combining and removing some items; (d) add clarifying language to items; and (e) shorten items for brevity.

## **2. Purpose and Use of the Information Collected**

The SEC will use the information collected to monitor progress and trends in the financial services industry with regard to diversity and inclusion in employment and contracting activities, as well as to identify and highlight those policies and practices that have been successful. The SEC may publish information disclosed to the agency, such as best practices, in any form that does not identify a particular entity or disclose confidential business information. The agency will not generalize findings when presenting results of this collection beyond the particular entities submitting information. Further, the SEC may share information with the Agencies, when appropriate, to support coordination of efforts and to avoid duplication.

## **3. Consideration Given to Information Technology**

Any entity may use any available automated, electronic, mechanical or other technological collection technique to submit the requested information to the SEC.

## **4. Duplication of Information**

Entities subject to certain recordkeeping and reporting requirements, such as those required by the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance Programs (OFCCP), currently collect and maintain data and supporting documentation that may assist in evaluating and assessing their policies and practices related to workforce diversity and inclusion.<sup>2</sup>

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<sup>2</sup> Section III of the Diversity Self-Assessment Tool (previously the “Diversity Assessment Report”) requests workforce demographic data using the same categories for race and ethnicity EEOC adopted for the Standard Form 100, Employer Information Report, commonly referred to as the EEO-1 Report. These categories are consistent with

Entities also are encouraged to use other analytical tools that they may find helpful. In addition, the SEC will share information with other Agencies, when appropriate, to support coordination of efforts and to avoid duplication.

**5. Reducing the Burden on Small Entities**

When drafting the Joint Standards, the Agencies focused primarily on institutions with more than 100 employees in an effort to minimize the impact on smaller entities. In addition, in order to make clear how the standards are relevant to, and may be used by, small entities, the Policy Statement encourages each entity to use the standards in a manner appropriate to its size and unique characteristics. This also should minimize the burden on smaller institutions. Finally, we note that the standards are voluntary.

**6. Consequences of Not Conducting Collection**

If the information is not collected or is collected less frequently, the SEC will not be able to monitor diversity and inclusion in employment and contracting activities progress and trends in the financial services industry with regard to diversity and inclusion in employment and contracting activities, and therefore, will be unable to identify and highlight those policies and practices that have been successful.

**7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)**

The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

**8. Consultations Outside the Agency**

The SEC and the staff of the Office of Minority and Women Inclusion participate in ongoing dialogue with representatives of the SEC's regulated entities through public conferences, meetings, and informal exchanges. These forums provide the SEC with a means of ascertaining and acting upon paperwork burdens confronting the regulated entities. In addition, the SEC has requested public comment on the proposed amendments to the Diversity Self-Assessment Tool (formerly the "Diversity Assessment Report"). Before adopting these amendments, the SEC will receive and evaluate any public comments on the proposed amendments and their associated collection of information requirements.

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the minimum standards for maintaining, collecting, and presenting data on race and ethnicity prescribed by OMB. See Revised Standards for the Classification of Federal Data on Race and Ethnicity, 62 FR 58782 (October 30, 1997).

**9. Payment of Gift to Respondents**

Not applicable.

**10. Assurance of Confidentiality**

The Policy Statement states that the Agencies may publish information disclosed to them provided they do not identify a particular entity or disclose confidential business information in an effort to balance concerns about confidentiality of information with the importance of sharing information. Any entity submitting information may designate such information as confidential, as appropriate, and the Agencies will keep this information private to the extent allowed by law.

**11. Sensitive Questions**

Not applicable.

**12. Estimate of Information Collection Burden**

The following estimates of average burden hours and costs are made solely for the purposes of the Paperwork Reduction Act of 1995<sup>3</sup> and are not derived from a comprehensive or even representative survey or study of the cost.

The collection of information contemplated by the Joint Standards imposes no new recordkeeping burdens as regulated entities will only publish or provide information pertaining to diversity policies and practices that they maintain during the normal course of business.

The SEC estimates it will take a regulated entity approximately 8 hours to retrieve and submit information pertaining to the entity’s self-assessment of its diversity policies and practices on the Diversity Self-Assessment Tool (formerly the “Diversity Assessment Report”).

Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response (Hours)	Frequency of Response	Total Estimated Burden Hour (Annualized)
260	1	8	Biennially	1040

The estimated cost of the burden is \$123,760 (annualized).<sup>4</sup>

<sup>3</sup> 44 U.S.C. 3501 et seq.

<sup>4</sup> This is based on Bureau of Labor Statistics May 2021 Industry-Specific Occupational Employment and Wage Estimates for Securities and Commodity Contracts Intermediation and Brokerage (NAICS 523100). We use \$119 per hour as the estimated compensation costs for the collection of information. This estimate reflects the mean hourly wage of \$87.69 per hour for human resources managers adjusted for annual inflation (at 2 percent per year),

**13. Estimate of Total Annualized Cost Burden**

The estimated cost of the burden is \$123,760 (annualized). *See* FN 4.

**14. Estimate of Cost to Federal Government**

None.

**15. Explanation of Changes in Burden**

We estimate that amendments to the Diversity Self-Assessment Tool (formerly the “Diversity Assessment Report”) will result in a revised annual aggregate burden hours to 1040 hours per year, with a monetized value of \$123,760. This would be an aggregate decrease of 260 hours.<sup>5</sup> The change in burden is due to an adjustment to the burden hours for retrieving and submitting information due to a decrease in the number of questions in the amended Diversity Self-Assessment Tool (formerly the “Diversity Assessment Report”), this resulted in a reduction in the cost burden of \$23,140.<sup>6</sup>

**16. Information Collections Planned for Statistical Purposes**

The results of this collection will not be published for statistical use. As stated in the Policy Statement, the SEC may publish information disclosed such as best practices, in any form that does not identify a particular entity or disclose confidential business information. The SEC will not generalize results beyond the particular regulated entities submitting self-assessments. At the current time, no further plans have been made with respect to publication.

**17. Display of OMB Expiration Date**

The SEC does not seek approval to not display the expiration date for OMB approval for the information collection. The OMB control number and expiration date will be displayed on the self-assessment form, as well as in Federal government’s electronic PRA docket at [www.reginfo.gov](http://www.reginfo.gov).

**18. Exceptions to Certification**

The SEC certifies that this collection of information is consistent with the requirements of 5 C.F.R. 1320.9 and the related provisions of 5 C.F.R. 1320.8(b) (3), and the SEC is not seeking an exemption to these certification requirements.

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plus an additional 30 percent to cover the average private sector costs of employee benefits.

<sup>5</sup> The previously approved time burden was 1300 hours.

<sup>6</sup> The previously approved cost burden was \$146,900.

**B. COLLECTION OF INFORMATION EMPLOYMENT STATISTICAL METHODS**

Not applicable. This collection of information does not involve the use of statistical methods.